



Department of Justice

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MINNESOTA, IOWA DAIRIES AGREED TO PLEAD GUILTY AND WILL EACH PAY \$1 MILLION FOR PARTICIPATING IN MILK PRICE FIXING CONSPIRACY

WASHINGTON, D.C. – Two dairy companies – one from Minnesota and the other from Iowa – agreed to plead guilty today and pay a total of \$2 million in fines and penalties for participating in a milk price fixing conspiracy involving public school contracts in Minnesota, South Dakota and Iowa.

Wells Dairy Inc. of LeMars, Iowa agreed to pay a \$1 million criminal fine to the federal government. The Norwood, Minnesota-based Geo. Benz & Sons Inc., which does business as Oak Grove Dairy, agreed to pay \$1 million, including a \$540,000 criminal fine to the federal government plus restitution to the State of Minnesota on behalf of public school districts and state institutions in the amount of \$460,000.

To date, 70 corporations and 59 individuals have been convicted and a total of about \$70 million in fines and damages imposed in cases involving the supply of dairy products to public school districts and other customers.

The Department, in a one-count felony charge filed today in U.S. District Court in Minneapolis, said Wells Dairy and others conspired to rig bids, fix prices, and allocate customers with respect to certain public school contracts for the sale of dairy products in Minnesota, South Dakota, and Iowa in violation of the Sherman Act. The conspiracy began in Spring 1986 and continued to May 1992, the Department said.

The Department, in a separate one-count felony charge also filed in U.S. District Court in Minneapolis, said Oak Grove Dairy and others conspired to rig bids, fix prices, and allocate customers with respect to certain public school contracts for the sale of dairy products in Minnesota in violation of the Sherman Act. The conspiracy began in Spring 1986 and continued to May 1992, the Department said.

Joel I. Klein, Acting Assistant Attorney General in charge of the Antitrust Division, said the charges arose in connection with an investigation in Minnesota and surrounding states into collusive practices by dairy products suppliers. These charges bring the total number of cases brought against dairy products suppliers to 134.

The plea agreements resulted from an ongoing investigation conducted by the Division's Chicago Field Office with the assistance of the Federal Bureau of Investigation and the U.S. Attorney's Office for the District of Minnesota.

Restitution for the State of Minnesota was obtained through the efforts of the U.S. Department of Justice and Minnesota Attorney General Hubert H. Humphrey III.

As part of the Antitrust Division's investigation involving the supply of dairy products to public school districts and other customers, twenty-nine individuals have been sentenced to serve an average of approximately seven months imprisonment. Five grand juries in four states continue to investigate the milk industry.

The maximum penalty for a corporation convicted under the Sherman Act for a violation occurring after November 16, 1990, is a fine not to exceed the greatest of \$10 million, twice the pecuniary gain the corporation derived from the crime, or twice the pecuniary loss caused to victims of the crime.

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